

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7581

BILL NUMBER: HB 1704

NOTE PREPARED: Jan 15, 2009

BILL AMENDED:

SUBJECT: Referendum on LOIT Used for Debt Service.

FIRST AUTHOR: Rep. Dermody

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: *Petition/Remonstrance-* The bill provides that registered voters of a political subdivision may request, through a petition and remonstrance process, a referendum on bond issues and lease agreements for certain controlled projects if the bonds or leases will be paid from local option income taxes (LOITs).

Special Elections- The bill provides that if no election will be held within six months after the date the auditor certifies the public question, the political subdivision may request a special election. The bill provides that if a special election is requested in a year in which a general election or municipal election will be held, a special election will be held only if the political subdivision requesting the special election agrees to pay the costs.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Summary-* The State Board of Accounts (SBA) would be responsible for designing and, if requested, delivering public question petition forms to counties. If placed in electronic format, the SBA would likely require minimal expenditure to send the forms.

Background- The SBA reverted \$463,328 to the state General Fund at the close of FY 2008. The SBA had form printing expenses of \$1,298 at the close of FY 2008.

Explanation of State Revenues: *Penalty Provision:* Certain persons providing professional services to a controlled project that spend money to promote a position on a referendum would commit a Class A

infraction. The maximum judgment for a Class A infraction is \$10,000, which would be deposited in the state General Fund. However, any additional revenue is likely to be small.

Explanation of Local Expenditures: *Petition/Remonstrance-* The bill would increase the administrative responsibilities of several local agencies.

Mailing of Preliminary Determination- If a preliminary determination is made to issue bonds or enter leases a notice of the determination would have to be sent by first class mail.

Special Elections- This provision could increase local municipal expenditures if a special election is held in a general or municipal general election year. In non-election years, the impact would be to county expenditures if additional special elections were held. The impact would depend on the number of special elections held as a result of this provision in election years.

Background- Expenses to run an election include: precinct election board per diem, rental of a facility for polling (if necessary), and/or voting equipment (if necessary.) Based on a small sample of Indiana counties, per diem for election board members range from \$65 to \$150 for inspectors and from \$40 to \$100 for judges, clerks, and sheriffs.

Under current law, county election boards are required, with some exceptions, to conduct a municipal primary and election. Expenses from county-operated municipal elections are reimbursed by the municipality to the county. If the expenses of a municipal primary or election cannot be directly attributed to a single municipality, the expenses are apportioned 25% to the county and 75% to the municipalities in the county holding an election.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from court fees. However, any additional revenue is likely to be small.

State Agencies Affected: State Board of Accounts.

Local Agencies Affected: County voter registration office, county auditor, circuit court clerk, county election board , trial courts, local law enforcement agencies.

Information Sources:

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